

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Application of

UNITED AIR LINES, INC.
and
TURKISH AIRLINES
(TÜRK HAVA YOLLARI, A.O.)

for Blanket Statements of Authorization pursuant
to 14 C.F.R. § 212 (U.S.-Turkey and Beyond Code-
Sharing)

Docket DOT-OST-2008-_____

Application of

UNITED AIR LINES, INC.

for an Exemption pursuant to 49 U.S.C. § 40109
(Blanket Code-Share)

Docket DOT-OST-2004-19148

**JOINT APPLICATION OF
UNITED AIR LINES, INC. AND TURKISH AIRLINES**

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March 11, 2008

NOTICE: Answers to this Joint Application should be filed at DOT's Dockets Section and served on the parties listed above. Although answers are due on or before March 20, 2008, for the Statements of Authorization and on or before March 26, 2008, for the Exemption Application, the Joint Applicants intend to poll all interested parties.

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UNITED AIR LINES, INC. AND TURKISH AIRLINES**

United Air Lines, Inc. ("United") and Turkish Airlines (Türk Hava Yollari, A.O.) ("THY") (collectively, the "Joint Applicants") hereby apply for issuance of Statements of Authorization pursuant to 14 C.F.R. Part 212 to engage in the code-sharing services described below. United also applies under 49 U.S.C. § 40109 for an amendment of its exemption in Docket DOT-OST-2004-19148 to allow United to provide scheduled foreign air transportation of persons, property and mail between the United States and points worldwide pursuant to its code-share arrangement with THY. In support of their Joint Application and United's application for amendment of its exemption, the Joint Applicants submit the following:

1. United requests a Statement of Authorization for blanket code-share authority to display THY's "TK" designator code on flights operated by United 1) between any point in the United States and any point in Turkey (either nonstop or via third-country intermediate points); 2) between any points within the United States in conjunction with services held out by THY between Turkey and the United States (either nonstop or via third-country intermediate points); and 3) between any point in the United States or Turkey and any point in any third country.

2. THY requests a Statement of Authorization for blanket code-share authority to display United's "UA" designator code on flights operated by THY 1) between any point in Turkey and any point in the United States (either nonstop or via third-country intermediate points); 2) between any points within Turkey in conjunction with services held out by United between the United States and Turkey (either nonstop or via third-country intermediate points); and 3) between any point in Turkey or the United States and any point in any third country.

3. United also requests an amendment of its exemption authority in Docket DOT-OST-2004-19148 to enable it to provide third-country code-share services to any point worldwide under THY's Statement of Authorization for blanket code-sharing with

United.¹ Because THY's Open Skies authority already allows it to hold out service to any third-country point intermediate to or beyond the U.S. or Turkey, THY does not require additional traffic rights to provide the services at issue.

4. United currently holds a Certificate of Public Convenience and Necessity for Route 838 authorizing United to engage in scheduled foreign air transportation of persons, property and mail between, *inter alia*, points in the U.S. and Turkey. Order 07-4-19. In addition, United holds a Certificate of Public Convenience and Necessity to integrate its service to Turkey with service to any other point it is authorized to serve. Order 06-1-1.

5. THY currently holds an exemption to engage in scheduled foreign air transportation of persons, property and mail from points behind Turkey and intermediate points to points in the U.S. and beyond.²

6. Both United and THY are seeking broad code-share Statements of Authorization consistent with the authority available under the U.S.-Turkey Open Skies Air Transport Agreement, dated May 2, 2000, under which "any designated airline of one Party may enter into cooperative marketing arrangements such as blocked-space,

¹ Notice of Action Taken, as amended, dated July 19, 2007, in Docket DOT-OST-2004-19148. United's current U.S.-Turkey authority limits the intermediate and beyond points that United may serve to countries with which the U.S. has an Open Skies Agreement and/or countries for which United holds certificate or exemption authority and for which it holds route integration authority. See below. United requests amendment to include THY code-share service in its broader exemption authority in Docket OST-2004-19148 to enable United and THY to introduce new code-share services without delay and reduce the Department's administrative burden by eliminating the need for United to file additional exemption applications for future code-share services with THY. This will facilitate the authorization of code-share service to points such as Kishinev, Moldova, which is included in the attached notice. United and THY will provide the Department with 30 days' notice of any plans for additional code-share services. Similar blanket code-share exemption authority has been granted to numerous U.S. carriers and their code-share partners. See footnote 6 below.

² See Docket DOT-OST-2005-21183.

code-sharing or leasing arrangements, with an airline or airlines of either Party.”³ United’s request for broad third-country code-share-related exemption authority is also consistent with that agreement. In addition, the Joint Applicants’ requests are consistent with the Department’s “standard practice to afford carriers the maximum operating flexibility possible.”⁴ DOT has granted similar blanket code-share Statements of Authorization to other code-share partnerships between U.S. carriers and airlines from Open Skies countries.⁵ Also, the Department has granted broad worldwide code-share-related exemption authority similar to what United requests to other carriers to enable them to display their designator codes on flights operated by multiple foreign code-share partners.⁶

7. United’s proposed code-share service to third countries is consistent with the Air Transport Agreements between the U.S. and the various countries United proposes to serve or with principles of comity and reciprocity.

8. The Joint Applicants are parties to a Code-Share and Regulatory Cooperation Agreement, effective March 6, 2008, in which the carriers agree to terms governing the code-share services for which the Statements of Authorization are sought. (A copy of that agreement is attached hereto as Appendix B.) Under that agreement, United and THY plan to code-share on each others services in conjunction with their

³ Air Transport Agreement between the United States of America and Turkey, Article 8, par. 7.

⁴ Order 99-12-7, at 4.

⁵ See, e.g., American/TAP (Notice of Action Taken dated July 27, 2000, Docket OST-00-7504); Delta/Air France (Notice of Action Taken dated March 1, 2002, Docket OST-98-3740 and Statement of Authorization dated August 6, 1998, undocketed); and Delta/Alitalia (Notice of Action Taken dated October 26, 2001, Docket OST-01-10417).

⁶ See Notice of Action Taken dated March 1, 2005, Docket OST-05-20122 (Continental Airlines); Notice of Action Taken dated March 1, 2005, Docket OST-05-20145 (Delta Air Lines); Notice of Action Taken dated January 11, 2005, Docket OST-03-15191 (Northwest Airlines); Notice of Action Taken dated January 11, 2005, Docket OST-03-15946 (US Airways); and Notices of Action Taken dated January 24, 2005 and March 1, 2005, Docket OST-04-19148 (United Air Lines).

service between the U.S. and Turkey.

9. The reciprocal code-share services proposed by the Joint Applicants are fully consistent with the public interest and DOT policy. The Department recognized in its 1995 International Policy Statement that code-share services such as those proposed herein produce important public benefits:

Code sharing and other cooperative marketing arrangements can provide a cost-efficient way for carriers to enter new markets, expand their systems and obtain additional flow traffic to support their other operations by using existing facilities and scheduled operations. Because these cooperative arrangements can give the airline partners new or additional access to more markets, the partners will gain traffic, some stimulated by the new service, and some diverted from incumbents. In this way, cooperative arrangements can enhance the competitive positions of both partners in such a relationship.

Increased international code sharing and other cooperative arrangements can benefit consumers by increasing international service options and enhancing competition between carriers, particularly for traffic to or from cities behind major gateways. By stimulating traffic, the increased competition and service options should expand the overall international market and increase overall opportunities for the aviation industry.⁷

In a more recent report, the Department reviewed the results of code-share alliances approved under the 1995 policy and reached the following conclusions:

[M]ultinational alliances are playing a key role in the evolving international aviation economic and competitive environment. They are providing improved, more competitive services in literally thousands of markets. And alliances have provided a way for carriers to mitigate the limitations of bilateral agreements, ownership restrictions, and licensing and control regulation. As a consequence, they are:

- Stimulating demand.
- Leading pro-competitive changes in industry structure.
- Providing consumers the benefits of substantially lower prices.

Multinational alliances have fueled enormous increases in connecting traffic, both in markets that have historically suffered from poor quality interline service and virtually no competitive benefits, but also by

⁷ U.S. International Air Transportation Policy Statement, 60 Fed. Reg. 21841, 21842 (May 3, 1995).

providing service alternatives in markets that already have the benefit of seamless service by other individual airlines. They are just one important way that the airline industry has responded to aviation liberalization and the evolving competitive environment. They are also the only practical way to provide better service to thousands of passengers in long distance, low-density international markets.⁸

Code-sharing by United and THY involving services between the U.S. and Turkey will make both carriers more competitive for transatlantic traffic. United currently operates no passenger service in its own aircraft between the U.S. and Turkey. By placing the UA code on THY's nonstop flights between its U.S. gateways and Istanbul and services between certain of United's European gateways and Turkey, United will be able to expand its passenger service to offer additional consumer choices the U.S.-Turkey market. In addition, by code-sharing with THY, United will be able to hold out a greater range of services to other points intermediate to and beyond Turkey. THY, for its part, will be able to hold out service on a code-share basis on United's flights between the U.S. and United's European gateways via connections from THY's services between Turkey and these European points. THY will also offer code-share services to points within the U.S. from THY's transatlantic gateways at New York and Chicago. All of the above services will benefit passengers by expanding the range of available online service options and offering competition with other transatlantic airline code-share partnerships.

10. The Joint Applicants hereby notify the Department that they plan to commence code-sharing on the city-pair routes listed in Appendix A hereto, effective as

⁸ DOT, International Aviation Developments: Global Deregulation Takes Off (December 1999), at 2.

soon as all necessary government authorities have been received.⁹

11. A code-share safety audit of THY has been conducted by IATA in accordance with the requirements of the DOT/FAA Code-Share Safety Program Guidelines issued February 29, 2000. The audit will soon be submitted to the FAA by United for clearance, and the Joint Applicants request that the Department complete its review of this Joint Application as soon as possible so that United and THY may move forward with plans to implement their reciprocal code-share services with a minimum of delay. The Joint Applicants will poll the carrier parties on the service list and will advise the Department of the results.

12. The Joint Applicants agree to accept the conditions normally applicable to code-share authority such as requested herein. In addition, United's requested amended exemption authority would be subject to existing terms and conditions in Docket DOT-OST-2004-19148. This includes the requirement to notify the Department 30 days in advance of any new code-share operations (including operations for which United is relying upon its broad exemption authority in Docket DOT-OST-2004-19148), and to notify the Department of any code-share operations the carriers have agreed to discontinue.

13. The Joint Applicants also request that the Statements of Authorization be issued for an indefinite period, as long as their code-share agreement continues in effect, and will notify the Department if that agreement should cease to be effective. United's amended blanket third-country code-share-related exemption authority should be issued for a period co-extensive with the current term of its exemption in Docket

⁹ The U.S. points to be served by THY beyond its own and United's U.S. gateways include points served by both United and United Express. United and THY understand that in order for THY to code share on services operated by United Express carriers, such carriers will have to enter into code-share agreements with THY and obtain Statements of Authorization from DOT.

DOT-OST-2004-19148, which is effective through July 19, 2009.

14. The Joint Applicants agree to abide by the consumer notification requirements of 14 C.F.R. Part 257 as well as the other conditions applicable to code-share services operated to or sold in the U.S. United's engagement in these code-share services will not affect its commitment of aircraft to the CRAF program.

15. Pursuant to 14 CFR 212.12, the Joint Applicants request that the Department waive its requirement set forth in 14 CFR 212.10 that Applications for Statements of Authorization be filed 45 days in advance of the first proposed flight. Good cause exists for the grant of this waiver.

WHEREFORE, the Joint Applicants respectfully request the Department to expeditiously grant them the Statements of Authorization and exemption amendment described above to allow them to code-share on each other's services and to grant them such other and different relief as is consistent with this application and with the public interest.

Respectfully submitted,



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March 11, 2008

UNITED/TURKISH AIRLINES CODE-SHARE MARKETS

United on Turkish Airlines (UA*/TK)

Between Istanbul, Turkey and the following:

New York, NY/Newark, NJ
Chicago, Illinois
London, England
Frankfurt, Germany
Munich, Germany
Zurich, Switzerland
Amsterdam, Netherlands
Brussels, Belgium
Adana, Turkey
Antalya, Turkey
Kishinev, Moldova
Islamabad, Pakistan
Ashkhabad, Turkmenistan
Tashkent, Uzbekistan
Skopje, Republic of Macedonia

Between Frankfurt, Germany and Ankara, Turkey

Turkish Airlines on United (TK*/UA)

Between London, England and:

Washington, DC
Chicago, IL
San Francisco, CA
Los Angeles, CA
Denver, CO

Between Frankfurt, Germany and:

Washington, DC
Chicago, IL
San Francisco, CA
Los Angeles, CA

Between Munich, Germany and:

Washington, DC
Chicago, IL

Between Zurich, Switzerland and:

Washington, DC

Between Amsterdam, Netherlands and:

Chicago, IL
Washington, DC

Between Brussels, Belgium and:

Washington, DC

Between Chicago, IL and:

Washington, DC
Atlanta, GA
Houston, TX
Detroit, MI
Boston, MA
Miami, FL
Dallas/Ft. Worth, TX
Minneapolis/St. Paul, MN
Philadelphia, PA
Denver, CO
Seattle, WA
Orlando, FL
Memphis, TN
Cincinnati, OH
Portland, OR
Las Vegas, NV
San Diego, CA
Tampa, FL
Raleigh/Durham, NC
Cleveland, OH
Baltimore, MD
St. Louis, MO
Fort Lauderdale, FL
Pittsburgh, PA
Nashville, TN

Between New York, NY/Newark, NJ and:

Los Angeles, CA
San Francisco, CA

Code-Share and Regulatory Cooperation Agreement

**TURKISH/UNITED
CODE SHARE AND REGULATORY
COOPERATION AGREEMENT**

March 6, 2008

This Agreement is made and entered into this 6th day of March 2008, (the "Effective Date"), by and between UNITED AIR LINES, INC., with its principal place of business at 1200 East Algonquin Road, Elk Grove Township, Illinois 60007 ("UA") TURKISH AIRLINES INC. ("TK"), with its principal place of business at Ataturk Havalimani ,34830 Yesilkoy-Istanbul each or both parties individually or collectively referred to as "Carrier" or "Carriers" respectively.

1. INTRODUCTION

TK and UA are entering into this Agreement in order to increase each Carrier's opportunities to offer competitive and cost effective air transportation services between points in and beyond the United States and between points and beyond Turkey. Further, TK and UA wish to improve the quality of the interline air transportation and cargo services they now offer so as to increase the use of those services by the traveling and shipping public. This Agreement establishes binding obligations between the Carriers, expresses the Carriers intentions, and sets forth a framework that provides the basis to accomplish these goals through subsequent agreements and activities.

2. UNDERLYING OPERATIONAL CONCEPT

The Carriers shall use a phased approach to develop and implement parallel marketing and operational programs to create new, value added passenger and cargo services and cost efficiencies by taking advantage of each Carrier's inherent market strengths.

3. OBJECTIVES OF THE TK/UA RELATIONSHIP

Through development of the operational relationship contemplated by this Agreement, subject to any and all necessary governmental and regulatory approvals, TK and UA intend to implement Code Share operations as defined in Article 4A and further described in Attachment 1, Sections A and B.

This Agreement is not intended to restrict either Carrier's rights to pursue, either independently or collectively, additional access between any points through either route acquisition or the normal government-to-government bilateral process.

4. PROGRAMS

The Carriers shall develop and implement specific programs to support the objectives defined by this Agreement. The Attachments to this Agreement outline specific actions and responsibilities for implementing these programs. Each of the programs may be incorporated into an existing TK/UA contract or a new contract, as appropriate. In summary, subject to any and all applicable governmental laws, rules and regulations, these programs are:

A. CODE SHARE

The Carriers intend to develop, in a phased approach, operations which include using each other's two-letter airline designator code on the following routes, as further specified in Attachments 1 and 1A ("Code Share"):

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- From points within the U.S., via the U.S., and intermediate points to a point or points in and beyond Turkey.
- From points within Turkey via Turkey, and intermediate points to a point or points in and beyond the U.S.

B. CODE SHARE EMERGENCY PROCEDURES

In the event of an incident involving a Code Share flight, both Carriers agree to implement the emergency procedures specified in Attachment 2.

C. REGULATORY COOPERATION

The Carriers shall work together to secure the underlying governmental and other approvals necessary to implement this marketing relationship.

D. PUBLISHED FARES

The carriers agree to participate in each other's published fares.

E. PRORATES

On the basis of reciprocity and comity, TK and UA shall provide broader access to each other's system through the creation of a Special Prorate Agreement to support the overall program and to stimulate incremental traffic from TK to UA, and UA to TK. Implementation of this Code Share Agreement is subject to the joint agreement of such Special Prorate Agreement. This shall include special reciprocal protection for TK or UA passengers on delayed, canceled or oversold flights.

F. FREQUENT FLYER

The Carriers agree to participate in each other's frequent flyer programs.

G. PREFERENTIAL SELLING

The Carriers shall implement procedures at their respective reservations sales offices to sell the other Carrier, on a "second to on-line" basis and in lieu of competitive off-line offerings in the agreed Code Share markets.

H. SALES

With regard to Inventory Management for Code Share flights the Carriers acknowledge and agree that this is Agreement does not provide for guaranteed block space reservations. Accordingly, neither UA nor TK is purchasing or guaranteeing the seats allocated to it by the other. Rather, the seats are allocated only for purposes of inventory management. TK and UA shall each manage, market and sell its allocation of seats on the Code Share flights under its own respective airline designator code. The Carriers agree to communicate as necessary to facilitate such an arrangement.

I. CARGO

On the basis of reciprocity and comity, TK and UA shall provide broader access to each other's flight route system through the creation of Cargo (mail and/or freight) Agreement to support the Code Share program and to stimulate incremental cargo between the Carriers. The scope of such cargo agreement shall be on code share routes described herein. Neither UA nor TK is purchasing or guaranteeing the space allotted to it by the other. Each party agrees not to enter into a mail agreement with any other air carrier on the routes covered by the scope of this agreement without first providing the other party to this Agreement first and exclusive right to enter into the same or similar agreement.

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5. **TERM**

Subject to Article 4.E - PRORATES of this agreement, this Agreement is effective as of the date it is executed by both Carriers and shall continue thereafter indefinitely. This Agreement may be terminated by either party at that party's election for convenience and, without cause upon one hundred and eighty (180) days' prior written notice.

6. **COMPLIANCE WITH GOVERNMENT AND SAFETY REQUIREMENTS**

- A. The Carriers represent and warrant that all air transportation services performed by it pursuant to this Agreement or otherwise shall be conducted in full compliance with all applicable federal, state and local laws, statutes, orders, rules; and regulations.
- B. The Carrier that originates the customer travel (provides all boarding passes and checks the customer luggage to their final destination) shall assure that the customer is properly documented for entry into the destination country and properly documented for any transit point's enroute. Any fines, penalties, deportation and detention expenses resulting from violations of government entry or transit requirements, even for passengers that willfully engage in illegal entry tactics, shall be the sole responsibility of the Carrier that originates the customer travel and such Carrier shall be considered an Operating Carrier pursuant to Article 15, and shall indemnify the other Carrier.
- C. Each Carrier represents and warrants that each has or will have successfully undergone an IATA Operational Safety Audit ("IOSA") at its own expense satisfactory to the other Carrier, and further represents and warrants that each shall maintain compliance with the requirements of such audit within the time frame required by IATA. In addition, each Carrier represents and warrants that it meets the minimum safety requirements mandated by any applicable regulatory authority and shall maintain compliance with such requirements. Any failure to maintain compliance shall immediately be brought to the other Carrier's attention along with corrective actions taken or a corrective action plan. Notwithstanding anything herein to the contrary, any non-compliance by one Carrier shall be grounds for immediate, partial or full suspension or termination of this Agreement by the other Carrier without further liability to such non-compliant Carrier, but with reservation of all other rights and remedies available to such Carrier. Although the IOSA is to be completed biennially, additional safety review audits may be required at either Carrier's discretion and at the auditing Carrier's sole expense and the other carrier shall cooperate with all such audits; provided, however, that any such audit does not unreasonably disrupt the normal operations of the Carrier being audited. .
- D. Code Share is not permitted on any flight operated by a third-party through a wet-lease or other arrangement whereby the operator of the flight is anyone other than UA and OA.

7. **EXCLUSIVITY**

- A. This Agreement is non-exclusive and does not preclude either UA or TK from entering into or maintaining existing marketing relationships, including Code Sharing, with other Carriers. Notwithstanding the preceding sentence, this agreement is exclusive as it relates to each Carrier's participation in code sharing, on the flights described in Attachment 1. Provided however, the Parties are not restricted from Code Sharing with any other Star Alliance member carrier.
- B. UA and TK each agree to waive the Exclusivity with regards to US Airways (US) subject to the following conditions:
 - i. TK and United expressly acknowledge and agree that the Waiver is subject to both United's and TK's individual Bilateral Code Share Agreements ("Code Share Agreement") with US Airways remaining in effect and that if such Code Share Agreements terminate for any reason and at any time, the Waiver shall terminate. Once either party notifies the other party, in writing, that the Code Share Agreement has terminated, both TK and United shall take all necessary steps to comply with

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terminated, both TK and United shall take all necessary steps to comply with the exclusivity provision between the parties hereto as soon as possible or within one hundred eighty (180) days, whichever is sooner.

- ii. Unless terminated in accordance with paragraph 7, section B.i above, this waiver shall remain in effect for so long as the Code Share and Regulatory Cooperation Agreement dated 6 March 2008, between the parties hereto is valid and in effect.
- iii. This waiver shall take effect upon execution of this Agreement.

8. **TRADEMARKS**

Neither Carrier shall use any trademark, trade name, logo, or service mark of the other without the prior written consent of the other.

9. **CONFIDENTIALITY**

- A. Except as necessary in any proceeding to enforce any of the provisions of this Agreement, neither Party shall, without the prior consent of the other, use, publicize, or disclose to any third party, either directly or indirectly, any of the following:
 - 1. Any of the terms or conditions of this Agreement;
 - 2. Any and all passenger information including, but not limited to PNRs;
 - 3. Any confidential or proprietary information or data, in any form, received from and designated as such by the disclosing Party, unless and to the extent that such confidential information consists of documents in the public domain (hereinafter "Confidential Information").
- B. If either Party is served with a subpoena or other legal process requiring the production or disclosure of any Confidential Information obtained from the other Party, including a request to disclose confidential information to a government entity, then the Party that receives such a request, before complying, shall immediately notify the other Party and take reasonable steps to afford the other Party a reasonable period of time to intervene and contest such disclosure or production to the extent possible.
- C. Upon termination of this Agreement and request of a Party, all Confidential Information, including any copies thereof made by the receiving Party, must be either returned to the disclosing Party or destroyed by the receiving Party confirming in writing the destruction of the disclosing Party's Confidential Information.
- D. Neither Party shall use information or data provided by the other Party (whether or not designated confidential or proprietary) in connection with this Agreement except in fulfillment of its obligations hereunder.
- E. The obligation of not disclosing stated above shall not apply to any Confidential information if;
 - 1. Such information is or becomes a part of public domain through no act or commission of other party; or
 - 2. Such information is in the other party's lawful possession prior to the disclosure and had not be obtained by the other party either directly or indirectly by the disclosing party; or
 - 3. Such information is lawfully disclosed to the other party by a third party without restriction on disclosure; or
 - 4. Such information independently developed by the other party; or
 - 5. Disclosure is required by law or by the other regulatory authority or any legal or regulatory proceeding or court order with whose instructions the Parties have to comply.

10. **FORCE MAJEURE**

Neither Carrier shall be liable for delays or failure in performance under this Agreement caused by acts of God, war,

God, war, strikes, labor disputes, work stoppage, fire, earthquake, flood, acts of government or any other cause, whether similar or dissimilar, which is beyond the control of that Carrier whose performance is affected. If such delay or failure due to Force Majeure lasts for more than 30 days, the other Party shall be entitled to enforce the rights granted in Article 12.B.

11. **NATURE OF RELATIONSHIP BETWEEN TK AND UA**

The relationship of the Carriers hereto is that of independent contractors. Nothing in this Agreement is intended or shall be construed to create or establish any partnership or joint venture relationship between the Carriers.

12. **TERMINATION FOR CAUSE**

A. If either Carrier (the "Defaulting Party") becomes insolvent or is subject to liquidation, composition with creditors, reorganization or bankruptcy; if the other Carrier (the "Insecure Party") has evidence that the Defaulting Party is not paying its bills when due without just cause; if the Defaulting Party takes any step leading to its cessation as a going concern; or if the Defaulting Party either ceases or suspends operations for reasons other than the events specified in Article 10 of this Agreement, then the Insecure Party may immediately terminate this Agreement on notice to the Defaulting Party unless the Defaulting Party immediately gives adequate assurance of the future performance of this Agreement by establishing an irrevocable letter of credit issued and confirmed by a bank acceptable to the Insecure Party, on terms and conditions acceptable to the Insecure Party, in an amount sufficient to cover all amounts potentially due from the Defaulting Party under this Agreement, which may be drawn upon by the Insecure Party if the Defaulting Party does not fulfill its obligations under this Agreement in 30 business days after the occurrence of default of Defaulting Party.

B. If either Carrier (the "Defaulting Party") fails to observe or perform any of its material obligations under this Agreement and if this failure continues for a period of thirty (30) days after written notice to the Defaulting Party thereof (except for any payments due, where the period to cure such non-payment shall be five [5] days after notice) then, without prejudice to any other rights or remedies the other party may have, the other Carrier may terminate this Agreement as of the expiration date of this notice period.

13. **POST-TERMINATION RIGHTS**

Exercise by either Carrier of its right to terminate under any provision of this Agreement shall not affect or impair its right to enforce its other rights or remedies under this Agreement. All obligations of each Carrier that have accrued before termination or that are of a continuing nature shall survive termination, including, without limitation, any confidentiality and indemnity provisions.

14. **NON-WAIVER**

Any previous waiver, forbearance, or course of dealing shall not affect the right of either Carrier to require strict performance of any provision of this Agreement.

15. **GENERAL INDEMNIFICATION**

The Carrier operating the Code Share flight or providing goods or services hereunder (the "Operating Carrier") agrees to indemnify and hold harmless the other Carrier (the "Marketing Carrier"), its directors, officers, employees, agents, subcontractors, and affiliates (each an "Indemnitee") from and against any and all liabilities, claims, demands, suits, damages, and losses, including, without limitation, all reasonable attorneys' fees, costs and expenses in connection therewith or incident thereto (including, without limitation, attorneys' fees incurred by the Marketing Carrier in establishing its right to indemnification hereunder) (collectively referred to in this Article as "Claims") of third parties for death or personal injury to any person or persons whomsoever (including, without limitation, the Operating Carrier's employees, but excluding the Marketing Carrier's employees) and for loss of, damage to, destruction of, any property whatsoever (including, without limitation, any loss of use thereof), in any manner arising out of or in any way

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whatsoever (including, without limitation, any loss of use thereof), in any manner arising out of or in any way connected with goods or services furnished or to be furnished by the Operating Carrier under this Agreement, all whether or not arising in tort or occasioned in whole or in part by the negligence of the Marketing Carrier of any type or degree. The Operating Carrier shall, at the request of the Marketing Carrier, negotiate and defend any Claim brought against any Indemnitee or in which any Indemnitee is joined as a party defendant based upon any other matters for which the Operating Carrier has agreed to indemnify each Indemnitee as provided above. The Operating Carrier's obligations under this Article shall survive the expiration or termination of this Agreement.

16. INSURANCE

- A. During the term of this Agreement, the Operating Carrier shall procure and maintain in full force and effect insurance with insurance carriers of known financial responsibility reasonably satisfactory to the other Party of the type and in the amounts listed below, in each case on an occurrence basis and not claims made basis:
1. Comprehensive airline liability insurance, including but not limited to comprehensive, general liability, products , personal injury (passengers), personal injury (non-passengers), bodily injury, property damage, baggage, cargo, mail and aircraft third-party legal liability (all policies shall be extended to include war risks, hijacking and allied perils), in an amount not less than One Billion Dollars (US\$1,000,000,000) per any one occurrence. Notwithstanding the above, the liability coverage for non-passenger personal injury shall be no less than \$25,000,000, and the liability coverage for war, hijacking and other perils shall be based on limits that are commercially available in the market and/or the government body with jurisdiction over the injured Party. This insurance must be primary with respect to the matters within such coverage irrespective of any insurance carried by Marketing Carrier, and shall (i) name Marketing Carrier and the other Marketing Carrier Indemnified Parties as additional insured, but only as respects the operation of the Operating Carrier (ii) contain a severability of interest clause and a breach of warranty clause in favor of Marketing Carrier and the other Marketing Carrier Indemnified Parties and (iii) specifically insure the Operating Carrier's indemnification obligations under this Agreement subject to policy terms, conditions, limitations and exclusions;
 2. Hull all risk insurance, including war risk, and such policy shall include a waiver of subrogation in favor of Marketing Carrier and the other Marketing Carrier Indemnified Parties except to the extent claims are caused by the negligence or willful misconduct of Marketing Carrier or the other Marketing Carrier Indemnified Parties. And
 3. Worker's compensation and occupational disease insurance and employer's liability insurance in accordance with statutory limits but not less than \$1,000,000., or local equivalent.
- B. Each Party shall provide the other with certificates of insurance evidencing compliance with the insurance terms of this Agreement within five (5) Business Days after the Effective Date and thereafter within five (5) days of the date of any renewal of such coverage. The certificates shall be of the type that unconditionally obligates the insurer to notify UA or TK in writing in advance of any changes adverse to the interests of UA or TK, expiration, termination, cancellation or renewal of such coverage. The notice period with respect to war and allied perils coverage shall be seven (7) days or such lesser period as is or may be available in accordance with policy conditions.

17. EXCLUSION OF CONSEQUENTIAL DAMAGES

Neither carrier shall be liable for any indirect, special, incidental or consequential damages, including lost revenues, lost profits, or lost prospective economic advantage, whether or not foreseeable and whether or not based on contract,

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not based on contract, tort, warranty claims or otherwise in connection with this agreement, and/or the products or services provided hereunder, and each carrier hereby releases and waives any claims against the other carrier regarding such damages.

18. **NOTICES**

Notices under this agreement shall be sent by registered mail (certified and return receipt required), courier with an annotation of notification or as appropriate by facsimile to the addresses stated in Paragraph 11 of this Agreement. In case of a facsimile, notice shall be deemed received upon confirmation of actual receipt by the recipient and the original of such notice shall be sent at latest within five (5) business day upon the date of confirmation of actual receipt by registered mail as mentioned above. In case of a registered mail or courier, notices shall be effective after receipt by the recipient. Any change in address, facsimile number shall be informed at the earliest opportunity.

If to TK, notices shall be addressed as follows:

Turkish Airlines, Inc.
Attn: Gulay Ozturk
Commercial Agreements and Alliances
General Management Building
34830 Yesilkoy-Istanbul

If to UA, notices shall be addressed as follows:

United Airlines, Inc.
P.O. Box 66100
Chicago, Illinois 60666
Attn: Vice President - Alliances

Notices sent via electronic means (e.g., telex, facsimile) shall be effective immediately if received prior to 5:00 p.m. local time of the recipient. All other notices shall be effective the first business day after receipt.

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19. **GOVERNING LAW AND JURISDICTION**

This Agreement and any dispute arising under or in connection with this Agreement, including any action in tort, shall be governed and construed by the laws of the State of New York, U.S.A., without regard to any conflict of laws principles, which may direct the application of laws of any other jurisdiction. The Federal Courts of New York shall have exclusive jurisdiction to hear disputes arising under or in connection with this Agreement.

20. **SEVERABILITY**

Each provision of this Agreement shall be valid and enforced to the furthest extent permitted by law. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision.

21. **ASSIGNMENT AND CHANGE OF OWNERSHIP**

A. Neither Carrier may assign or otherwise transfer any of its rights or obligations under this Agreement to any third party without the prior written consent of the other.

B. Should for any reason whatsoever the ownership of either Carrier change such that another air carrier or affiliate of an air carrier acquires a twenty percent (20%) or more ownership interest in either party, then within thirty (30) days of such occurrence either party may request renegotiation of this Agreement and, failing successful renegotiation within sixty (60) days of the request to renegotiate, either party may terminate this Agreement upon thirty (30) days notice to the other party.

22. **ENTIRE AGREEMENT**

This Agreement, including any and all Attachments, constitutes the entire agreement and understanding of the Carriers relating to the subject matter hereof, and supersedes all prior agreements, whether oral or written, express or implied, between the Carriers concerning the subject matter hereof. In the event that any terms herein conflict with the terms of any interline or other agreement between the Carriers, then the terms herein shall prevail, but shall not supplant any conflicting terms in the other agreement. This Agreement may be modified only by further written agreement signed by all of the Carriers hereto.

23. **EXISTING OBLIGATIONS**

UA represents and warrants that the terms of this Agreement do not violate any existing obligations or contracts of UA. TK represents and warrants that the terms of this Agreement do not violate any existing obligations of TK. Each Carrier shall defend, indemnify and hold the other harmless from and against any and all claims, demands or causes of action, which are hereafter made or brought against it alleging any such violation.

24. **NON-ENGLISH VERSION**


If any non-English interpretive versions of this Agreement are created, then, in the event of a conflict between this English version and any non-English version, this English version shall control.

25. **CAPTIONS**

The captions appearing in this Agreement have been inserted as a matter of convenience and in no way define, limit, or enlarge the scope of this Agreement or any of its provisions.

6/2

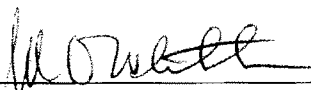
IN WITNESS WHEREOF, the Carriers hereto have by their duly authorized officers executed this Agreement as of the dates set forth below.

By:  _____

UNITED AIR LINES, INC.

Gülay Öztürk
Manager, Commercial Agreements

By:  _____

By:  _____

Lale Kaplan
Senior Vice President, International Relations
and Alliances

Date: 06.03.2008

Michael Whitaker
Vice President, Alliances and
International Regulatory Affairs

Date: 07.03.08

ATTACHMENT 1

CODE SHARING

A. City pairs displayed as TK*

Subject to all necessary regulatory approvals, deployment of IATCI One Stop Check-In, and completion of necessary operational support arrangements, TK shall display its TK designation code on selected flights, operated by UA:

- From points within the U.S., via the U.S., and intermediate points to a point or points in and beyond Turkey.

B. City pairs displayed as UA*

Subject to all necessary regulatory approvals, deployment of IATCI One Stop Check-In, and completion of necessary operational support arrangements, UA shall display its UA designation code on selected flights, operated by TK:

- From points within Turkey, via Turkey, and intermediate points to a point or points in and beyond the U.S.

Action:

TK	ISTSATK	(90-212)4636363Ext:1831
UA	HDQMIUA	(847) 700-1744

C. Inventory Management

The Carriers shall establish mutually agreed inventory management procedures for Code Share flights, in accordance with the guidelines outlined in Article 4 of this agreement ("Programs"), and including for manually managed inventory allocations the areas for cooperation outlined in Attachment 1A.

Action:

TK	Ayşe Lekesiz	ISTRATK	(90-212)4636363Ext:7121
UA	Elisabeth Stanley	HDQIMUA	(847) 700-6277

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D. Code Share Schedule Operations

The Carriers shall:

- (1) Establish a dedicated flight number range for use by TK and UA for use on Code Share flights.
- (2) Establish an automated transfer of flight schedule information via an industry standard SSIM which includes comment 10 and 50 records to identify the Code Share relationships. A "custom SSIM" from TK shall be used in place of the OAG file to maintain TK's schedule in the Apollo and Galileo computer reservation systems.
- (3) Establish a communications procedure to advise the other of passenger re-accommodation plans in the event of schedule changes involving a Code Share flight.

Action:

TK	Mert Yüzsever	ISTSPTK	(90-212)4636363Ext:1933
UA	Neil King	HDQASUA	(847) 700-9504

E. Interline Accounting

The Carriers shall establish all necessary accounting procedures, in accordance with applicable IATA or ACH and ICH guidelines, including sampling methodology, to facilitate settlement of all UA/TK interline transportation, including code share.

Action:

TK	Altuğ Meydanlı	HDQARTK	(90-212)4636363Ext:1403
UA	Bob Portschy	HDQANUA	(847) 700-1601

Altuğ

ATTACHMENT 1A

BUSINESS REQUIREMENTS CODE SHARE

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1.0 OVERVIEW

The purpose of this Attachment 1A is to provide a method that shall allow TK's code to be reflected on certain UA flights and UA's code to be reflected on certain TK flights. Each Carrier shall perform this procedures in a fully automated manner, or manually until a fully automated method can be implemented.

2.0 REQUIREMENTS

General Requirement

Support code share for the city pairs as set forth on Attachment 1, paragraph A.

2.1 Availability

The Carrier shall provide the capability to display the service as an on-line connection using the designated Carrier's code (UA or TK).

2.2 Booking/Ticketing/CRS Fees

2.2.1 Sell

The Carriers shall provide support for segment sell of the on-line connection by line number from availability.

The Carriers shall provide support for the manual sell of the connection using either the code share flight number or the base flight number.

The Operating Carrier shall be responsible for payment of CRS booking fees and both parties agree to request that their automation providers direct bill the Operating Carrier for all fees

2.2.2 Disclaimer

The Carriers shall provide for a disclaimer to accompany a sell of a shared-code flight identifying the Carrier operating the flight. The disclaimer must be distributed to CRS's and to schedule dissemination services such as the Official Airline Guide (OAG).

2.2.3 Group Handling

Groups shall be booked as they are currently booked.

2.2.4 Teletype (TTY)

Teletype processing shall be handled for UA or TK designated flights as it is currently handled today.

The information shall be updated within the PNR of the respective system automatically and shall be passed with the PNR on the exchange of PNRs.

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2.2.5 Customer Inquiries

Procedures shall be established through the reservations groups to be able to identify where a PNR exists and be able to direct the customer appropriately.

2.3 Inventory Maintenance

2.3.1 Inventory Control

The operating Carrier shall develop a method for inventory control on each Code Share flight to/from the designated cities and shall maintain control of that inventory. The designated Carrier shall create a pseudo flight with the appropriate inventory. The yield management groups of both Carriers shall agree on the following:

- Class of service and class of service equivalency

2.3.2 Link Sells

Allow a shared-code flight to be sold from an availability display provided to another Carrier.

2.3.3 Waitlist

Waitlists shall be open at start up of the Code Share arrangement.

2.4 Through Check In

Provide the capability to through-check customers via the use of IATCI standards.

2.5 Schedule Maintenance

2.5.1 Schedule Dissemination

Each Carrier shall establish an automated transfer of flight schedule information via an industry standard SSIM which includes comment 10 and 50 records to identify the Code Share relationships. A "custom SSIM" from TK shall be used in place of the OAG file to maintain TK's schedule in the Apollo and Galileo computer reservation systems.

2.5.2 Passenger Re-accommodation

Re-accommodations shall be worked through close coordination between the reservations groups of the two Carriers.

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2.5.3 Flight Information

TK and UA shall evaluate procedures for exchanging and updating FLIFO information in each other's systems. Procedures and responsibility shall be determined and mutually agreed by the Carriers.

2.6 Accounting Systems

Each Carrier shall establish accounting procedures in accordance with Attachment 1 paragraph E. Any special prorates must be communicated to accounting to ensure proper billing

2.7 Frequent Flyer

Procedures for providing automated accrual and redemption shall be established by respective Frequent Flyer organizations.

3.0 HARDWARE

Each Carrier shall provide and pay for installation and maintenance of computer equipment necessary for the other to support Code Share operations. This equipment may include, but is not limited to check-in terminals, boarding pass printers and bag tag printers. Any monthly charges associated with such equipment shall be paid by the Carrier supplying said equipment.

Upon termination of Code Share operations, for any reason, the Carriers shall return any equipment owned by the other party.

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ATTACHMENT 2

CODE SHARE EMERGENCY PROCEDURES

In order to properly prepare and plan coordinated communications efforts between the Carriers in the event of an emergency, as defined below, involving a Code Share flight, both Carriers shall (i) exchange and update the appropriate telephone numbers and SITA addresses of the operating Carrier to which the code sharing Carrier may refer customer/relative inquiries in the event of an emergency and (ii) discuss any other necessary coordinated emergency response procedures. Although each situation must be evaluated on its own merit, common sense must prevail as a guide for all parties to follow.

Definitions:

-Emergency

Any occurrence involving a Code Share flight that results in injury or death, or has the potential for injury or death to any person or the loss or damage or the potential for loss or damage to private, public, or Carrier property.

-Aircraft Accident

Any occurrence associated with the operation of an aircraft, which takes place between the time the captain has released the parking brake for pushback or taxi and has set the parking brake and all checklists are completed, in which any person who has boarded the aircraft with the intention of flight suffers death or serious injury or in which an aircraft receives substantial damage.

-Hijacking (Air Piracy)

Any seizure or exercise of control by force or violence, or threat of violence, and with wrongful intent of an aircraft in air commerce.

-Red Alert

The classification for a situation where a major problem exists that may result in an accident as defined above. Examples include a landing gear failure to extend, fire in flight, or other aircraft damage that shall likely require outside agencies such as police, fire, ambulances, and physicians to respond.

Both Carriers agree to comply with the relevant requirements of government agencies having jurisdiction in respect of an Emergency, Aircraft Accident, Hijacking or Red Alert.

Appropriate UAL telephone numbers in the event of an emergency as described above:

UAL Shift Manager (24 Hours)

847 700-6295

(Phone)

847 700-2005

(FAX)

HDQOPUA

(SITA Address)

Appropriate TK telephone numbers in the event of an emergency as described above:

TK Shift Manager (24 hours)

+90-212-4652389

(Phone)

+90-212-4636300(ext:2502-7850)

+90-212-4652377

(FAX)

ISTKTK

(SITA Address)

Any change to the above referenced phone numbers or contacts is to be communicated to the above referenced SITA addresses with a request for a confirming telex back to the originator to acknowledge receipt.

EMERGENCY PLAN

- (1) The Carriers mutually agree to subscribe to the IATA Standards and Recommended Practices for the Assistance of Survivors and Families of Passengers in the Aftermath of an Aircraft Accident or Incident.
- (2) In addition to the aforementioned procedures, the Carriers shall meet and endeavor to mutually agree on a detailed emergency plan.

Action:

TK Ercihan Bayır
UA Lois Danvir

ISTOZTK
HDQCSUA

(90-212)4636363Ext:7765
847-700-1936

Q/Q

CERTIFICATE OF SERVICE

I hereby certify that I have this 11th day of March 2008 served the foregoing Joint Application of United Air Lines, Inc. and Turkish Airlines by email on the following:

reohn@hhlaw.com
prizzi@hhlaw.com
rbkeiner@crowell.com
sascha.vanderbellen@nwa.com
bruce.rabinovitz@wilmerhale.com
jonathan.moss@wilmerhale.com
jeffrey.manley@united.com
bob.kneisley@wnco.com
robert.land@jetblue.com
msinick@ssd.com
cdonley@ssd.com
anbird@fedex.com
dvaughan@kelleydrye.com
kevin.montgomery@polaraircargo.com
jrichardson@johnrichardson.com
lhalloway@crowell.com
efaberman@wileyrein.com
mroller@rollerbauer.com
howard_kass@usairways.com
benjamin.slocum@usairways.com
jhill@dlalaw.com
bill@mietuslaw.com
mgoldman@sbgdc.com
rsilverberg@sbgdc.com
dhainbach@ggh-airlaw.com
mcmillin@woa.com
mchopra@jamhoff.com
russell.bailey@alpa.org
dkirstein@yklaw.com
jyoung@yklaw.com
donna.kooperstein@usdoj.gov
dwight.moore@ustranscom.mil
jim.ballough@faa.gov
byerlyjr@state.gov



Kathy L. Luhrman